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IN THE

Supreme Court of the United States

October Term, 1970.

No. 405

In Re: Declaration of Taking of Certain Premises Located at the South Side of College Avenue and West Side of Coopertown Road and Extending to Darby Road, by the School District of Haverford Township.

THE CONNELLY FOUNDATION,
Appellant,

v.

THE SCHOOL DISTRICT OF HAVERFORD TOWNSHIP,
Appellee.

On Appeal From the Supreme Court of Pennsylvania.

JURISDICTIONAL STATEMENT.

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INDEX

	Page
Opinions Below	2
Jurisdiction	2
Statutes Involved	3
Questions Presented	3
Statement	4
The Questions Are Substantial	7
I. The Pennsylvania Supreme Court Has Applied the Pennsylvania Public School Code in a Manner Repugnant to the First and Fourteenth Amendments to the United States Constitution by Denying Appellant the Same Exemption From Condemnation as That Enjoyed by Orthodox Religions	7
II. The Supreme Court of Pennsylvania Has Construed Pennsylvania Statutory Law to Provide That the Pledge of Taxing Power by a Condemning School District Is Sufficient Security for the Payment of Just Compensation Even Though That Pledge Provides Condemnee With No Certainty of Payment as Due Process Requires	11
Conclusion	15
Appendix A	A1
Appendix B	B1

TABLE OF CASES.

	Page
Bolling v. Sharpe, 347 U. S. 497 (1954)	8
Bragg v. Weaver, 251 U. S. 57 (1919)	2, 14
Cherokee Nation v. Southern Kan. Ry. Co., 135 U. S. 641 (1890)	11
Dalmke-Walker Milling Co. v. Bondurant, 527 U. S. 282 (1921)	2
Fellowship of Humanity v. County of Alameda, 315 P. 2d 394 (D. Ct. App. of Calif. 1957)	8, 10
Joslin Mfg. Co. v. City of Providence, 262 U. S. 668 (1922)	12
Mt. Vernon-Woodberry Cotton Duck Co. v. Alabama I. P. Co., 240 U. S. 30 (1916)	2
Sherbert v. Verner, 374 U. S. 398 (1963)	8
Stone v. Southern Ill. & Mo. Bridge Co., 206 U. S. 267 (1906)	2
United States v. Seeger, 380 U. S. 163 (1965)	8, 9, 10, 11
Washington Ethical Society v. District of Columbia, 249 F. 2d 127 (D. C. Cir. 1957)	10
Welsh v. United States, — U. S. —, 38 U. S. L. W. 4486 (1970)	9, 10, 11

STATUTES, AUTHORITIES AND CONSTITUTION.

	Page
Black's Law Dictionary, 4th Edition	8
28 U. S. C. Sec. 1257(2), 2101(c)	6
24 P. S. 7-721, 7-222, 6-672	3, 5, 6, 11, 12
26 P. S. 1-403	3, 6, 12
U. S. Constitution:	
First Amendment	7, 11
Fourteenth Amendment	7, 8, 11, 13

IN THE

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OCTOBER TERM, 1970

No.

IN RE: DECLARATION OF TAKING OF CERTAIN PREMISES LOCATED AT THE SOUTH SIDE OF COLLEGE AVENUE AND WEST SIDE OF COOPERTOWN ROAD AND EXTENDING TO DARBY ROAD, BY THE SCHOOL DISTRICT OF HAVERFORD TOWNSHIP.

THE CONNELLY FOUNDATION,

Appellant,

v.

THE SCHOOL DISTRICT OF HAVERFORD TOWNSHIP,

Appellee.

ON APPEAL FROM THE SUPREME COURT OF PENNSYLVANIA.

JURISDICTIONAL STATEMENT.

Appellant, Connelly Foundation, appeals from the final judgment of the Supreme Court of Pennsylvania entered in this eminent domain proceeding on April 22, 1970 affirming the decision of the Court of Common Pleas of Delaware County, Pennsylvania, holding that Appellant's property was not exempt from condemnation and that condemnor had posted adequate security for the payment of just compensation.

OPINIONS BELOW.

The opinion in the Supreme Court of Pennsylvania is reported at 437 Pa. 536 (1970). The opinion and order of the Court of Common Pleas of Delaware County, Pennsylvania is reported at 56 Del. 264 (1969). Both opinions are set forth in Appendix A at pages A1-A16.

JURISDICTION.

The opinion of the Supreme Court of Pennsylvania was filed on April 22, 1970. The notice of appeal was filed in the Court of Common Pleas of Delaware County, Pennsylvania on June 25, 1970.

The jurisdiction of this Court to review this case upon appeal is conferred by 28 U. S. C. sec. 1257(2), 2101(c). The following decisions sustain the jurisdiction of this Court to review the judgment below on appeal. *Bragg v. Weaver*, 251 U. S. 57 (1919); *Dahnke-Walker Milling Co. v. Bondurant*, 527 U. S. 282 (1921); *Mt. Vernon-Woodberry Cotton Duck Co. v. Alabama I. P. Co.*, 240 U. S. 30 (1916); *Stone v. Southern Ill. & Mo. Bridge Co.*, 206 U. S. 267 (1906).

STATUTES INVOLVED.

Public School Code, Act of March 10, 1949, P. L. 30, Art. VII, section 721, 722, and 672, 24 P. S. 7-721, 7-722, 6-672. Eminent Domain Code, Act of June 22, 1964, P. L. 84, Art. V, section 403(B), 26 P. S. 1-403. These statutory provisions are set forth in Appendix B at pages B1-B4.

QUESTIONS PRESENTED.

I.

Is it not a violation of the Establishment Clause of the First Amendment and the Due Process and Equal Protection Clauses of the Fourteenth Amendment for a condemnor to discriminate against an organization which devotes its entire effort and activity to religious ends by denying that organization the same exemption from condemnation as that enjoyed by associations espousing orthodox religious beliefs?

II.

Is not the pledge of the taxing power of a school district insufficient security for payment of just compensation where the realization of the proceeds of that taxing power by the condemnee is not reasonably certain?

STATEMENT.

On November 9, 1967, the Board of School Directors of the School District of Haverford Township, Delaware County, Pennsylvania passed a resolution authorizing the filing of a Declaration of Taking of premises owned by Appellant. The premises is located at the South side of College Avenue and the West side of Coopertown Road, Haverford Township, Delaware County, Pennsylvania. The Declaration was filed on November 10, 1967.

The Appellant, owner of the premises, is a non-profit Pennsylvania Corporation, formed in 1955 (N. T. 8). The corporate charter of Appellant provides:

> "The corporation does not contemplate pecuniary gain or profit, incidental or otherwise, to its members. Its purposes are as follows: The corporation shall be operated exclusively for religious, charitable, scientific, literary, or educational purposes.
>
> 'A. The activities which the corporation shall carry on from time to time shall be such as may be determined by the Board of Directors to promote the public welfare whether such activities be purely religious, charitable, scientific, literary, or educational, or whether they be a combination of such purposes'."

The property here involved was acquired by Appellant in 1962 and until its condemnation in November of 1967, was used solely and exclusively for religious purposes. More specifically, it was used by two different orders of Nuns as a novitate or convent for the training of young Nuns or postulants who were studying for the order. In addition to allowing the Nuns to occupy the property, the Appellant paid a portion of its upkeep, including $4,000 in 1965, $23,000 in 1966 and $24,000 in 1967 (N. T. 16, 17, 18, 21).

Appellant's corporate activities involve the making of contributions. Its contributions for the years 1965, 1966 and 1967 amounted to approximately $1,200,000 and ninety-eight per cent of this amount went to religious organizations (N. T. 11).

Under the Pennsylvania Eminent Domain Code and Public School Code, Appellee's taxing power is deemed pledged as security for the payment of just compensation. While Appellee would contend that this constitutes adequate security for the payment of just compensation to Appellant, it nevertheless concedes that the financing for this project will be done through a municipal authority for the avowed purpose of circumventing the debt limitation imposed upon Appellee by the laws of Pennsylvania.

Appellee concedes that the use of this financing vehicle will in no way increase its ability to pay just compensation. Appellee further concedes that its tax revenues will be paid to the authority to enable that authority to amortize the debt incurred to finance the project. The authority is not a party to this litigation and there is no relationship, contractual or otherwise, between the authority and Appellant.

It is Appellant's contention that in reality it has received nothing more than a hollow pledge, since it has no reasonable expectation of receiving just compensation from those revenues.

The Appellant filed preliminary objections to the Declaration of Taking. Appellant primarily objected to the Taking contending that the land was exempt from condemnation, under Section 721 of the Public School Code of 1949 and further contending that Appellee had failed to give proper security for the payment of just compensation.

The Public School Code in part here pertinent provides as follows:

"Provided: That no Board of school directors shall take by condemnation any burial ground, or any land belonging to any incorporated instituation of learning, incorporated hospital association, or unincorporated church, incorporated or unincorporated religious association, which land is actually used or held for the purpose for which such burial ground, institution of learning, hospital association, church or religious association was established." Act of March 10, 1949 P. L. 30, Article VII, Sec. 721, known as the Public School Code of 1949, 24 P. S. 7-721.

After hearing, and on the 23rd day of January, 1969, the Lower Court (Judge Francis J. Catania) entered its Order dismissing the preliminary objections. On March 10, 1969, the Appellant appealed to the Supreme Court of Pennsylvania. On April 22, 1970, the Supreme Court of Pennsylvania affirmed the Order of the Court of Common Pleas of Delaware County from which affirmance this appeal is taken.

Appellant appeals from this final order under 28 U. S. C., Section 1257(2), 2101(c) on the ground that construing the Public School Code, 24 P. S. 7-721, so as to deny Appellant the same exemption from condemnation as that accorded Orthodox Religion is repugnant to the First and Fourteenth Amendments to the Constitution of the United States.

Further Appellant appeals from this final Order on the ground that the pledge of taxing power as security for payment of just compensation as provided for by the Public School Code, 24, P. S. 7-722 and the Eminent Domain Code, 26 P. S. 1-403, as applied to the facts of the case at bar is repugnant to the Due Process Clause of the Fourteenth Amendment of the Constitution of the United States.

THE QUESTIONS ARE SUBSTANTIAL.

I.

The Pennsylvania Supreme Court Has Applied the Pennsylvania Public School Code in a Manner Repugnant to the First and Fourteenth Amendments to the United States Constitution by Denying Applicant the Same Exemption From Condemnation as that Enjoyed by Orthodox Religions.

The Supreme Court of Pennsylvania has characterized Appellant as a charity and not a religious association (A15). The effect of this characterization is to deny to Appellant exemption from the exercise of the power of eminent domain which admittedly would be granted an orthodox religion expressing man's worship of divinity and submission to mandates of supernatural or superior beings (A15).

It is the position of Appellant that if the Pennsylvania Supreme Court is requiring for application of the exemption, a belief or worship of a supernatural being or Deity, then its application runs afoul of the Establishment Clause of the First Amendment to the United States Constitution. If, on the other hand, the Court below has not included such a requirement within its concept of a religious organization, then its application of the exemption provisions of the statute violates the Equal Protection Clause of the Fourteenth Amendment, as there is then no reasonable basis to distinguish Appellant from orthodox religions.

It is axiomatic that exemptions granted by state statutes to religious organizations can be upheld under a First Amendment attack only on the basis that they are granted, not for theistic attributes of the practice, but

because of the non-theistic or sociological benefits flowing from the organization to the community *Fellowship of Humanity v. County of Alameda,* 315 P. 2d 394 (D. Ct. App. of Calif. 1957). If the Pennsylvania Supreme Court is demanding, as a requirement for application of the exemption, a worship or belief in the Deity, then clearly a violation of the Establishment Clause has occurred. *Sherbert v. Verner,* 374 U. S. 398 (1963).

The lower court's reference to the definition of religion contained in Black's Law Dictionary, 4th Edition at page 1455, to wit: "Man's relation to Divinity, to reverence, worship, obedience, and submission to mandates and precepts of supernatural of superior beings" would lead to the conclusion that this requirement was indeed imposed (A15). If the Court below did not impose the requirement of theism, to distinguish Appellant from Orthodoxy, then it is appellant's contention that it has been singled out for different treatment with no basis in fact for so distinguishing. Such treatment is clearly violative of the Equal Protection Clause of the Fourteenth Amendment of the United States Constitution. *Bolling v. Sharpe,* 347 U. S. 497 (1954); *Sherbert v. Verner,* 374 U. S. 398 (1963).

Excluding theistic considerations from the definition of religion, there must be found some reasonable basis to sustain the distinction by the Court below. Scholars, philosophers, historians, writers, and indeed this Court have long been engaged in the quest to establish the outer boundaries of the definition of "religion." Perhaps the most significant breakthrough in this quest occurred in 1965 with this Court's opinion in the case of *United States v. Seeger,* 380 U. S. 163 (1965). In the *Seeger* case this Court put to rest forever the notion that essential to the definition of religion was the mosaic of man on bended knee before an altar in an edifice specifically designed for

the worship of a Supreme Being. On the contrary, a review of this Court's opinion in *Seeger* demonstrates that the spectrum of beliefs and actions encompassed within the word "religion" is indeed vast. It ranges from Buddhism and Hinduism to Mr. Seeger's own position, i. e. ". . . belief in and devotion to goodness and virtue for their own sakes and a religious faith in a purely ethical creed." 380 U. S. at 166.

The principles enunciated in the *Seeger* case were recently reaffirmed and amplified in the case of *Welsh v. United States,* — U. S. —, 38 U. S. L. W. 4486 (1970). In the *Welsh* case, this Court once again indicated that ". . . meaningful beliefs need not be confined in either source or content to traditional or parochial concepts of religion" and further reiterated the long established policy of not picking and choosing among religious beliefs. 38 U. S. L. W. at 4487.

It is undisputed that Appellant's entire energies, its entire activities have been devoted toward the aiding of what might be termed "orthodox religions." This is Appellant's Creed. This is Appellant's purpose. This is Appellant's only goal. It is submitted that there cannot, and should not, be any legal distinction between the belief of Appellant as expressed in its actions and that involved in the *Welsh* and *Seeger* cases. The Connelly Foundation, as demonstrated by its actions, holds a deeply rooted belief in the nurturing of religions. Admittedly, Appellant in its own right espouses no belief in a Supreme Being. However, to classify it as non-religious because of this would be to restore the theistic concept to religion which as indicated above has been rejected by this Court.

It is Appellant's contention that an association which devotes its entire existence to nurturing orthodox religions is then itself a *de facto* religious association for the purpose

of enjoying exemption from condemnation. Appellant believes that its position finds ample support in the *Seeger* and *Welsh* cases. Indeed it is difficult to conceive how an entity such as the Connelly Foundation could be classified as other than a religious association.

As already noted exemptions accorded to religious associations in various state statutes have withstood attack under the Establishment Clause because of, and only because of, the benefits realized to the community from the nontheistic aspects of those religions. *Fellowship of Humanity v. County of Alameda*, 315 P. 2d 394 (D. Ct. of App. of Calif., 1957); *Washington Ethical Society v. District of Columbia*, 249 F. 2d 127 (D. C. Cir. 1957). There can be no logical difference between benefits indirectly accorded the community through orthodox religions and those flowing directly from orthodox religions. It is suggested that the proper test to be used in determining whether an association is a religious one is whether the belief held by that association, as demonstrated by its actions, occupies the same place in its existence as do the beliefs held by one espousing orthodox religion. As already indicated, the Connelly Foundation expends its entire corporate energy for the good of orthodox religion. Certainly this would qualify Appellant as a religious association in accordance with the definition of "religion" announced by this Court in the *Seeger* and *Welsh* cases.

In the final analysis it would appear that the Pennsylvania Supreme Court has placed an inappropriate amount of emphasis on form and correspondingly has ignored the substance or realities of the situation. In essence, the Pennsylvania Supreme Court has singled out the Connelly Foundation because, it is submitted, the Connelly Foundation does not give the image of a traditional religion. This is obvious from the manner in which that Court distin-

guished the cases relied upon by Appellant (A15-A16). Distinguishing in this manner, i.e. preferring some religions over others, runs afoul of the Equal Protection Clause of the Fourteenth Amendment and the Establishement Clause of the First Amendment to the United States Constitution.

In summary, if in its interpretation of the Pennsylvania Public School Code, the Pennsylvania Supreme Court has included in its definition of religion a theistic concept, then that interpretation runs afoul of the Establishment Clause of the First Amendment. If, on the other hand, the Pennsylvania Supreme Court in applying the Pennsylvania Public School Code has distinguished Appellant from other more traditional religions without theistic considerations, then in light of the definition of religion as laid down by this Court in *Seeger* and *Welsh*, such application to Appellant runs afoul of the Equal Protection Clause of the Fourteenth Amendment.

II.

The Supreme Court of Pennsylvania Has Construed Pennsylvania Statutory Law to Provide That the Pledge of Taxing Power by a Condemning School District Is Sufficient Security for the Payment of Just Compensation Even Though That Pledge Provides Condemnee With No Certainty of Payment as Due Process Requires.

The Due Process Clause of the Fourteenth Amendment of the United States Constitution requires the giving of adequate security to secure payment of just compensation in condemnation proceedings. *Cherokee Nation v. Southern Kan. Ry. Co.*, 135 U. S. 641 (1890).

Pursuant to section 722 of the Pennsylvania Public School Code, Act of March 10, 1949, P. L. 30 Art. VII, 24 P. S. 7-722, the Appellee pledged its tax revenues as secu-

rity for the payment of just compensation. Section 403(B) of the Pennsylvania Eminent Domain Code, Act of June 22, 1964, P. L. 84 Art. IV, Sec. 403, 26 P. S. 1-403, provides that in such cases no bond is necessary.

The testimony elicited by Appellee in the Court below on this issue demonstrated that, at best, its financial position is far from secure. The undisputed facts disclose that the total cost of the school project will greatly exceed Appellant's present remaining debt limitation under Pennsylvania law (N. T. 263, 286). The Appellee intends to avoid its debt limit by financing the project through its School Authority, which Authority has no such debt limit (N. T. 264). It is projected that the Authority will raise the necessary funds by means of a bond issue (N. T. 267). Appellee admits, however, that using this authority financing does not, in any way, enlarge or create new assets available for payment of debts (N. T. 273).

In the case of *Joslin Mfg. Co. v. City of Providence*, 262 U. S. 668 (1922), this Court reaffirmed the principle that just compensation is adequately secured . . . . "when the public faith and credit are pledged to a reasonable prompt ascertainment and payment, and there is adequate provision for enforcing the pledge." 262 U. S. at 677.

Appellee will contend that it possess unlimited ad valorem taxing power to pay lease rentals to a School Authority to finance the construction of the project pursuant to section 672 of the Pennsylvania Public School Code of 1949, 24 P. S. 6-672. Appellee will concede, however, that in other instances its taxing power is limited. More specifically, had Appellee chosen to finance this project without the use of an Authority, it would *not* have unlimited ad valorem taxing power to pay just compensation to condemnees or to otherwise finance the project.

It is also undisputed that the Authority is not a party to these proceedings and has not by contract or otherwise

obligated itself to appellant for the payment of just compensation.

It is Appellant's position that since the tax revenues purportedly pledged by the Appellee for the payment of just compensation will not, in fact, go to Appellant but rather to the Authority, the pledge given is indeed hollow and not of the quality required by the Due Process Clause.

While Pennsylvania law does provide for an adequate procedure to determine just compensation, the undisputed facts of the case lead inescapably to the conclusion that once determined, the Appellant cannot be reasonably certain of receiving the compensation to which it is entitled. In the final analysis, the money earmarked for Appellant as noted above will be paid to an Authority which, at least as regards appellant, is a stranger both to the transaction and to these proceedings. Thus, the Pennsylvania Supreme Court, in construing the Pennsylvania Public School Code and the Pennsylvania Eminent Domain Code, to permit a pledge of taxing power to stand as security for the payment of just compensation under the facts of this case, has applied those statutes in a manner which it is contended is repugnant to the Fourteenth Amendment of the United States Constitution.

This question is particularly pertinent in this day as the use of an Authority is an increasingly popular financing method. The facts of this case demonstrate how the interposition of this third party to what normally would be a two party transaction can well entail constitutional considerations. More specifically, when time for payment arrives, who will be paid first, the creditors of the Authority or Appellant? Since the Authority is not a party to this litigation there can be no proper judicial inquiry or control placed upon its receipt and application of funds as a court might otherwise deem appropriate.

The Appellee, in answering the question of how just compensation will be paid, simply refers to a third party over which the Court has no control. Had the Authority been the condemning agency, a bond to secure the payment of just compensation would have been exacted. This has been conveniently avoided. Again, the Supreme Court of Pennsylvania has exalted form over substance.

In conclusion, the pledge of taxing power in this case, coupled with the authority method of financing with its avowed purpose of avoiding the debt limitation imposed upon Appellee by Pennsylvania law, clearly fails to meet the requirements of the Due Process Clause of the United States Constitution. In this case no adequate provision has been made ". . . for the certain payment of the compensation without unreasonable delay . . ." by Appellee. *Bragg v. Weaver*, 251 U. S. 57, 62 (1919).

CONCLUSION.

The Pennsylvania Supreme Court has applied the Pennsylvania Public School Code in a manner repugnant to the First and Fourteenth Amendments to the United States Constitution by denying appellant the same exemption from condemnation as that enjoyed by orthodox religions.

The Supreme Court of Pennsylvania has also construed Pennsylvania Statutory Law to provide that the pledge of taxing power by a condemning school district is sufficient security for the payment of just compensation even though that pledge provides condemnee with no certainty of payment as Due Process requires.

We respectfully submit that probable jurisdiction should be noted and hearing on the merits granted.

DATED: July 13, 1970.

Respectfully submitted,

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APPENDIX A.

IN THE COURT OF COMMON PLEAS OF DELAWARE COUNTY, PENNSYLVANIA.

No. 13741 of 1967.

DECLARATION OF TAKING OF CERTAIN PREMISES LOCATED AT THE SOUTH SIDE OF COLLEGE AVENUE AND WEST SIDE OF COOPERTOWN ROAD AND EXTENDING TO DARBY ROAD, BY THE SCHOOL DISTRICT OF HAVERFORD TOWNSHIP.

GARLAND D. CHERRY, ESQUIRE, for Condemnee.
GEORGE S. SAULNIER, ESQUIRE, for School District of Haverford Township.

Findings of Fact, Conclusions of Law and Final Decree.

The record in this case indicates that the School Board of Haverford Township desires to acquire a tract of ground containing approximately 44 acres, including the Connolly property of approximately 17 acres, which is owned by the Connolly Foundation and which is the subject of this litigation, the Lloyd property of approximately 11.8 acres and the Little Sisters of the Assumption property of approximately 15.6 acres.

The School Board was unsuccessful in its efforts to purchase the Connolly property and on November 9, 1967, at a regular public meeting passed a resolution condemning the Connolly property. A declaration of taking was filed

in the Court of Common Pleas by the School Board and notice sent to the condemnee, the Connolly Foundation.

The condemnee has filed preliminary objections to the declaration of taking; the condemnor has filed answers thereto; and testimony has been taken by the Court.

From the evidence produced before the Court, we make the following:

FINDINGS OF FACT

1. Before condemning the property in question the School Board through its agent made efforts to approach the owner and did in fact contact him to negotiate an amicable purchase agreement with the owner, but the owner manifested a refusal to sell or negotiate with the School Board or its agents.

2. Because of the large increase in school population the School Board recognized the need for a new school at least as early as 1966 and at a regularly scheduled public meeting on August 11, 1966, appointed the firm of Englehardt, Englehardt and Leggett, educational consultants, to make a survey, which survey was received by the Board in January, 1967.

3. The School Board realized the existing school facilities were overcrowded even to the extent that the corridors were used on occasion for classrooms.

4. The Department of Public Instruction of the Commonwealth recommends for a school of this type 20 acres plus an acre for each hundred students. Some 2,100 additional pupils had to be provided for and some 40 acres or more are needed to do the job.

5. The proposed school site consists of approximately 44 acres including the Connolly property of approximately

17 acres, the Lloyd properties of approximately 11.8 acres and the Little Sisters of the Assumption property of approximately 15.6 acres.

6. Before the condemnation resolution was passed, the needs of the School District were discussed by the Board with its administrative staff, its educational consultants, architects, real estate advisor and appraisers, as was the site selection, at a number of caucus (non-public) meetings during 1967.

7. The School Board had a good idea of cost as early as January, 1967, from the Englehardt report and discussions with architects and appraisers in the summer and fall of 1967.

8. To protect the taxpayer from increased prices of ground, these discussions were not made public.

9. Before the condemnation resolution was adopted, the Board gave its architect, Vincent Kling, a list of nine properties that the Board had been considering and instructed him to study them. He examined personally, on site, nine properties.

10. The architect and his staff studied the properties and others, the report of Englehardt, Englehardt and Leggett and examined the Commonwealth's specifications for school site selections.

11. The architect met with the School Board on the average of once every ten days and discussed the progress of the work. Members of the Board and the architect looked at the properties together.

12. The architect met with the School Board on the question of site six or eight times, and communicated his findings, opinions and information to them.

13. As early as the spring of 1967, the School Board had the unofficial advice of the Executive Director of the Delaware County Planning Commission that the Ellis Tract, one of those sites considered by the Board, was less than optimum for a school site in that it was on the extreme edge of the district, portions of it had extremely steep topography, and the portions that were suitable for building were broken into smaller areas.

14. Although the Board had been interested in and actually entered into negotiations for the acquisition of the so-called Ellis Tract, the Board learned in June or July, 1967, that the Little Sisters of the Assumption property, adjacent to the Connolly property, was for sale. The availability of the Little Sisters property coupled with the Connolly property and the Lloyd properties became the choice of the School Board as a site for the new middle school.

15. On November 9, 1967, at a regular scheduled public meeting, the School Board passed and adopted by unanimous vote the condemnation resolution condemning the Connolly property.

16. The School Board's selection of site has been approved by the Pennsylvania Department of Public Instruction, Department of Health, Department of Highways, Department of Forests and Waters and by the Delaware County Planning Commission and the Delaware County Board of School Directors.

17. The School Board's application for approval of School Board Project, Form P. I. B. B. 40B, including the detailed costs and financing plan by bond issue as described in the testimony has been approved by the Pennsylvania Department of Public Instruction.

18. The articles of the non-profit corporation, The Connolly Foundation, which owns the property in question, provide specifically that "Its purposes are as follows:

> "The Corporation shall be operated exclusively for religious, charitable, scientific, literary or educational purposes.
>
> "(A) The activities which the Corporation shall carry on from time to time shall be such as may be determined by the Board of Directors to promote the public welfare, whether such activities be purely religious, charitable, scientific, literary or educational, or whether they be a combination of such purposes."

19. Religious uses are allowed under the applicable provisions of the Haverford Township Zoning Ordinance as a special exception. An application for such a special exception was filed and hearing fixed for December 4, 1962, when the application was withdrawn.

20. At the time of the condemnation, November 9, 1967, the Connolly property had been unoccupied since August, 1967, when the Holy Rosary Sisters who had been occupying it on a temporary emergency basis because of a fire in their former home in Radnor Township moved out to another location where they had built their own home.

21. The present school tax millage in the School District is 74 mills.

22. The present (1968) real estate assessment for tax purposes in the School District is $62,941,725.00.

23. With the 30-year bond issue recommended by the School Board and its financial advisors, using the 1968 tax assessment figure, and an anticipated interest rate of 4½ per cent, the anticipated total annual cost of the project

would result in a tax millage increase of 11.26 mills. This figure would increase approximately ¼ of a mill for every ¼ per cent increase in the actual interest.

24. The total cost of the school project is anticipated to be $9,237,300.00. This total cost includes structure, architect, movable fixtures and equipment, site costs (including acquisition), counsel fees, authority expenses, bond interest and other costs.

25. The estimated amount of the total cost to be financed by bonds is $8,920,000.00.

26. The project would (as are most of the other major school projects) be financed through the existing Haverford Township School District Authority.

27. Without resorting to authority financing, the total remaining non-electoral borrowing capacity is $1,717,086.25 and the total remaining electoral borrowing capacity is $4,729,173.50.

28. The security for the condemnation is the taxing power of the School District which is sufficient to raise the funds necessary to guarantee payment to the condemnee since the whole project would increase the school tax millage only 11.36 mills.

29. The Little Sisters of the Assumption property, which is immediately adjoining the Connolly property, was purchased by the School District through a straw party for $180,000.00.

30. The Court takes judicial notice and the attorney for the condemnee agrees that the School Board's real estate appraiser, H. Leonard Paret, is eminently qualified.

31. Mr. Paret has made an appraisal of the property for the owner in 1962 and again made a cursory appraisal

in 1967 after contact by the School Board through the School Board's solicitor and the superintendent. In July of 1967, Mr. Paret advised the School Board that the value of the Connolly property would run in the neighborhood of $300,000.00.

32. After a further inspection of the property and study of the problem, Mr. Paret gave his opinion that the market value was $280,000.00 as of July 12, 1968.

33. There is no evidence that the School Board acted in a fraudulent or arbitrary manner.

34. The property condemned does not belong to a church or religious association or to an institution of learning.

35. The Connolly Foundation purchased the property in question with the same buildings thereon as presently existing in 1962 for $125,000.00.

DISCUSSION

The condemnee first contends that condemnor must attempt to reach an agreement on the terms of purchase of ground and attempt to negotiate a sale prior to condemning land. In the *Pittsburgh School District Condemnation Case,* 430 Pa. 566, it was held that an effort to negotiate a purchase before condemnation is not necessary. In any event the testimony of the Board's agent, Arthur Wagner, and that of R. Winfield Baile, Esquire, was that when inquiry was made of the owner of the property, he said it was not for sale to the School District. Before condemnation proceedings, there is no requirement that a specific offer be made when the owner indicates the property is not for sale. *Spann v. Joint Board of School Directors of Darlington Township,* 381 Pa. 338.

The condemnee also contends that the land in question is exempt from condemnation. This contention is based upon Section 721 of the Public School Code of 1949 (24 P. S., Section 7-721) which provides:

> "Whenever the board of school directors of any district cannot agree on the terms of its purchase with the owner or owners of any real estate that the board has selected for school purposes, such board of school directors, after having decided upon the amount and location thereof, may enter upon, take possession of, and occupy such land as it may have selected for school purposes, whether vacant or occupied, and designate and mark the boundary lines thereof, and thereafter may use the same for school purposes according to the provisions of this Act:
>
> "Provided: That no board of school directors shall take by condemnation any burial ground, or any land belonging to any incorporated institution of learning, incorporated hospital association, or unincorporated church, incorporated or unincorporated religious association, which land is actually used or held for the purpose for which such burial ground, institution of learning, hospital association, church or religious association was established."

The condemnee argues that it is an incorporated religious association within the meaning of the Act and secondly that the land in question was actually used or held for religious purposes. It argues further that 98 per cent of the charitable contributions have been to religious organizations and that from the time the property was purchased in 1962 until its condemnation in November of 1967, it was *used* solely for religious purposes.

We feel that the giving of monetary contributions to a religious association, as was done here, would classify the Foundation as being a charity, but would not make it a religious association itself. We feel that the Connolly Foundation cannot be classified as a religious association under the traditional meaning of that term as used in the Act. If the legislature intended to exempt land owned by charities, it could have very easily added that word to the section of the Act in question.

Since we find the Connolly Foundation is not a religious association, it is not necessary for us to determine whether or not the land in question was used or held for such religious purposes. The remaining preliminary objections raised by the condemnee are dismissed without discussion.

CONCLUSIONS OF LAW

1. Before condemnation proceedings, there is no requirement that a specific offer be made when the owner indicates the property is not for sale.

2. The regularity of condemnation proceedings will not be inquired into when a condemnation resolution is placed on the minutes of the meeting of the School Board unless there is affirmative showing that the minutes were fraudulent or had no basis in fact. *Jury v. Wiest*, 326 Pa. 554, 558 (1937); *Spann v. Joint Board of School Directors of Darlington Township, et al.*, 381 Pa. 338, 347 (1955). There is no showing in the instant case of any such fraud, and the minutes are based on the fact of and contain the condemnation resolution.

3. Condemnor's determination of amount and location of land needed is not subject to review unless fraudulent, arbitrary or capricious.

4. The power of school districts to condemn land required for school purposes is conferred by the Act of March 10, 1949, P. L. 30, Art. VII, 24 P. S. 7-721.

5. The effect of condemnation is to pledge the taxation of the school district for all damages which may be sustained by the owner on account of the taking of the property. The pledge of the condemnor's taxing power is constitutional and automatically provided by Statute (Act of 1949, March 10, P. L. 30, Art. VII, Sec. 722, 24 P.S. 7-722).

6. The property condemned does not belong to a church or religious association, or to an institution of learning and is not exempt under the Public School Code of March 10, 1949, P. L. 30, 24 P. S. 7-721.

7. Under the Eminent Domain Code of 1964, P. L. 84, Sec. 402, 26 P. S. 1-402, which is applicable to this case, an effort to negotiate a purchase before condemnation is not necessary.

8. The contents of the declaration of taking are specified by the Act of 1964, Special Sessions, June 22, P. L. 84, Art. IV, Sec. 402, 26 P. S. 1-402, in eight consecutively numbered requirements. The declaration of taking filed of record in this matter contains everything that is required by the Act of Assembly in eight consecutively numbered paragraphs corresponding to the eight consecutive requirements of the Act.

9. There is no requirement in the condemnation procedure that the declaration of taking mention the anticipated cost.

10. The statement in the declaration of taking that the purpose is to acquire lands for a new school building and playgrounds is sufficiently specific and clear.

11. The proper citation of the statutory condemning authority is given in the declaration of taking.

12. The condemnee has not shown fraud or abuse of discretion.

13. There is no requirement that the funds necessary to finance the project must be on hand in advance of the taking.

14. A school authority acts as an alter ego of a school district to undertake public school projects which the school district by reason of its debt limitation cannot undertake.

15. When school districts use authority financing, contracts or engagements which create obligations not exceeding current revenues do not constitute debt within the contemplation of the Constitution of Pennsylvania, Art. IX, Sec. 8 and 10.

16. With respect to the payment of compensation for the damages caused by the taking, the particular manner or source of payment is not condemnee's concern; it is a matter for determination by the school district.

17. The school district has unlimited ad valorem taxing power to pay lease rentals to a school authority to finance the construction of the proposed middle school. Section 672 of the Public School Code of 1949 (The Act of March 10, 1949), P. L. 30, as last amended by Act #567, approved January 26, 1966, 24 P. S. 6-672.

FINAL DECREE

And Now, to wit, this 23rd day of Jan., A. D. 1969, after the taking of testimony and the hearing of arguments on the above matter before the Court en banc, it is hereby Ordered and Decreed that the preliminary objections filed by the condemnee be and the same are hereby dismissed.

By The Court:

J.

IN THE

SUPREME COURT OF PENNSYLVANIA

EASTERN DISTRICT.

No. 1, January Term, 1970.

APPEAL FROM THE ORDER OF THE COURT OF COMMON PLEAS OF DELAWARE COUNTY AT No. 13741 OF 1967.

IN RE: DECLARATION OF TAKING OF CERTAIN *PREMISES LOCATED AT THE SOUTH SIDE OF* COLLEGE AVENUE AND WEST SIDE OF COOPERTOWN ROAD AND EXTENDING TO DARBY ROAD, BY THE SCHOOL DISTRICT OF HAVERFORD TOWNSHIP

THE CONNELLY FOUNDATION,

Appellant.

OPINION OF THE COURT

O'BRIEN, *J.* Filed: April 22, 1970.

On November 9, 1967, the Board of School Directors of the School District of Haverford Township passed a resolution authorizing the filing of a Declaration of Taking of premises owned by appellant. The appellant filed preliminary objections to the Declaration of Taking, arguing that its property is exempt from condemnation under Section 721 of the Public School Code, and for the further reason that the appellee had failed to give proper security for the payment of just compensation.

After hearing, the lower court entered its order dismissing the preliminary objections.

The Act of March 10, 1949, P. L. 30, Art. VII, Sec. 721, known as the Public School Code of 1949, 24 P. S. 7-721, provides:

> "Whenever the board of school directors of any district cannot agree on the terms of its purchase with the owner or owners of any real estate that the board has selected for school purposes, such board of school directors, after having decided upon the amount and location thereof, may enter upon, take possession of, and occupy such land as it may have selected for school purposes, whether vacant or occupied, and designate and mark the boundary lines thereof, and thereafter may use the same for school purposes according to the provisions of this Act: Provided, *That no board of school directors shall take by condemnation any burial ground, or any land belonging to any incorporated institution of learning, incorporated hospital association, or unincorporated church, incorporated or unincorporated religious association, which land is actually used or held for the purpose for which such burial ground, institution of learning, hospital association, church or religious association was established.*" (Emphasis supplied.)

Appellant contends that, when viewed in light of its totality of activity, it is a religious association, and the land here involved is used for the purpose for which appellant was established.

As evidence of its status as a religious organization, appellant emphasizes the following facts:

1. Its articles provide specifically that "Its purposes are as follows:

"The Corporation shall be operated exclusively for religious, charitable, scientific, literary or educational purposes.

"(A) The activities which the Corporation shall carry on from time to time shall be such as may be determined by the Board of Directors to promote the public welfare, whether such activities be purely re-religious, charitable, scientific, literary or educational or whether they be a combination of such purposes."

2. For the years 1965, 1966 and 1967, appellant made contributions totaling $1,206,804.69 to charitable organizations, ninety-eight percent of which were to religious organizations.

3. The property in question was used off and on by the Holy Rosary Sisters after they had a fire at their own convent at Villanova in 1963 until they moved out in August of 1967. In addition, appellant contributed $23,581.48 in 1966 and $24,522.01 in 1967 to the Holy Rosary Sisters for the operation of the premises.

During part of 1962, the property was used by the Sisters of the Grey Nuns. At that time the Grey Nuns submitted an application for an appeal from the action of the building inspector in refusing a permit for use and occupancy of the building for religious purposes. The application was withdrawn in December of 1962.

In *Corpus Juris Secundum,* religious society (or association) has the following definition:

"A religious association is made up of individuals who have associated together for religious as opposed to secular purposes." 76 C. J. S. Religious Societies, Sec. 1(a), p. 734.

Webster's Third New International Dictionary defines the word "religious" as "of or pertaining to religion; concerned with religion, teaching or setting forth religion."

Black's Law Dictionary, 4th Edition, at Page 1455, defines "religion" as "Man's relation to Divinity, to reverence, worship, obedience, and submission to mandates and precepts of supernatural or superior beings."

Appellant is composed of twenty to twenty-five members, all of whom became members automatically by making a contribution to the appellant. Although the members "theoretically" have the power to elect the board of directors, the membership does not actually meet, and appellant's president testified that the board was not actually elected. The board meets four to six times a year, three of its six directors being members of the Connelly family.

The Statutory Construction Act, the Act of May 28, 1937, P. L. 1019, Art. IV, Sec. 58 (46 P. S. 558) calls for the strict construction of statutory exemptions of land from condemnation. With this rule of statutory construction in mind, after examining these facts, we agree with the court below. The members of appellant have associated together for purposes of making charitable contributions to any one of the five purposes enumerated in its charter, all of which generally are "to promote the public welfare." As such, appellant is a charity, not a religious association.

The cases relied on by appellant can be easily distinguished. *In re Morgan's Estate,* 173 Ohio St. 89, 180 N. E. 2d 146 (1962), dealt with an organization which existed solely to administer pensions for employees of the Presbyterian Church. *In re Pratt's Estate,* 78 App. Div. 301, 79 N. Y. S. 971 (1903), dealt with a corporation organized to provide floating and other churches for seamen. Appellant, on the other hand, administers no such

program. It was organized to provide money for five types of organizations which promote the public welfare, only one type of which could be but was not necessarily an organization like the religious associations which were the subjects of *Morgan* and *Pratt, supra.* Therefore, appellant's property could not be exempt from condemnation.

Appellant also argues that its property was taken without due process of law, since appellee failed to give adequate security to secure payment of just compensation.

The effect of condemnation is to pledge the power of taxation of the school district for all damages which may be sustained by the owner on account of the taking of the property. The pledge of the condemnor's taxing power is constitutional and automatically provided by statute (Act of 1949, March 10, P. L. 30, Art. VII, Sec. 722, 24 P. S. 7-722). The school district has unlimited ad valorem taxing power to pay lease rentals to a school authority to finance its construction of the proposed school. Sec. 672 of the Public School Code of 1949 (The Act of March 10, 1949, P. L. 30), as last amended January 26, 1966, P. L. (1965) 1606, Sec. 1, 24 P. S. 6-672.

We agree with the court below. The pledge of the school district's taxing power is sufficient security to pay appellant just compensation and to fulfill the requirements of due process.

Order affirmed.

APPENDIX B.

Statutes Involved.

Sections 672, 721 and 722 of the Pennsylvania Public School Code, Act of March 10, 1949, P. L. 30, Art. VII, 24 Purd. Stat. §§ 6-672, 7-721 and 7-722 reads as follows:

§ 6-672 *Tax Levy; Limitations*

(a) In all school districts of the second, third, and fourth class, all school taxes shall be levied and assessed by the board of school directors therein, during the month of February or March or April or May or June each year, for the ensuing fiscal year, except in districts of the second class where the fiscal year begins on the first day of January, in which the school taxes shall be levied and assessed during the month of October or November of each year. In school districts of the second class the tax rate shall not exceed twenty mills on the dollar, and in school districts of the third and fourth class shall not exceed twenty-five mills on the dollar, on the total amount of the assessed valuation of all property taxable for school purposes therein. Each school district of the second, third or fourth class may also collect a per capita tax on each resident or inhabitant of such district, over twenty-one years of age, as herein provided.

(b) Boards of school directors of districts of the second, third, and fourth classes are hereby authorized and directed to levy annually, a tax on each dollar of the total assessment of all property assessed and certified for taxation therein, (1) to pay up to and including the full amount of the minimum salaries and increments of the teaching and supervisory staff provided for herein, (2) to pay rentals due any munici-

pality authority or nonprofit corporation or due the State Public School Building Authority, (3) to pay sinking fund charges incurred in connection with school building projects approved by the Department of Public Instruction, and (4) to pay for the amortization of a bond issue which provided a school building prior to the first Monday of July, 1959.

(c) The tax levied to pay the minimum salaries and increments of the teaching and supervisory staff shall not be invalidated or affected by reason of the fact that in determining the amount to be raised by such tax for the payment of minimum salaries and increments no deduction was made for appropriations or reimbursements paid or payable by the Commonwealth to the School District which are applicable directly or indirectly to the minimum salaries and increments. None of said taxes shall be invalidated or affected by reason of the fact that it may increase the total annual school tax levy of any school district beyond the millage fixed or limited by this section.

(d) The boards of school directors of all independent school districts in which the board members are elected or appointed by court may, annually, levy a tax as herein authorized, at the same time and in the same manner as other school districts of the same class to which such independent district belongs, in an amount which shall be sufficient with all other taxes imposed by such district to pay the expenses of such district as set forth in subsection (b) of this section and to pay all other expenses and requirements of such district: Provided, That such tax shall not be more than seventy-five (75) mills on the dollar on the total amount of the assessed valuation of all property

taxable for school purposes within such district. Each such district may also collect, annually, a per capita in an amount of not less than one dollar ($1) and not more than ten dollars ($10) on each resident or inhabitant of such district over twenty-one (21) years of age.

§ 7-721 *Condemnation of Land*

Whenever the board of school directors of any district cannot agree on the terms of its purchase with the owner or owners of any real estate that the board has selected for school purposes, such board of school directors, after having decided upon the amount and location thereof, may enter upon, take possession of, and occupy such land as it may have selected for school purposes, whether vacant or occupied, and designate and mark the boundary line thereof, and thereafter may use the same for school purposes according to the provisions of this act: [1] Provided, That no board of school directors shall take by condemnation any burial ground, or any land belonging to any incorporated institution of learning, incorporated hospital association, or unincorporated church, incorporated or unincorporated religious association, which land is actually used or held for the purpose for which such burial ground, institution of learning, hospital association, church, or religious association was established.

§ 7-722 *Security for Damages; Fee Simple Title*

The school funds which may be raised by taxation in any school district shall be pledged, and hereby are made security, to the owner or owners of any property taken for school purposes, for all damages

they may sustain on account of taking of such property by the district for school purposes.

The title to all real estate acquired by any school district by condemnation proceedings shall be vested in such school district in fee simple.

Section 403 of the Eminent Domain Code, Act of June 22, 1964, P. L. 84, Art. V, §§ 1-403(B) reads as follows:

§ 1-403 *Security Required*

(a) Bond. Except as hereinafter provided, every condemnor shall give security to effect the condemnation by filing with the declaration of taking its bond, without surety, to the Commonwealth of Pennsylvania for the use of the owner or owners of the property interests condemned, the condition of which shall be that the condemnor shall pay such damages as shall be determined by law.

(b) Power of Taxation. Where a condemnor has the power of taxation, it shall not be required to file a bond with the declaration of taking. The funds raised, or lawful to be raised, by the power of taxation of the condemnor shall be deemed pledged and are hereby made security for the payment of the damages as shall be determined by law.

(c) Insufficient Security. The court, upon preliminary objections of the condemnee under and within the time set forth in section 406(a),[1] may require the condemnor to give such bond and security as the court deems proper, if it shall appear to the court that the bond or power of taxation of the condemnor is not sufficient security.